

Seniors Drug Program, A Faith based Program.  
Presented by John Bachynsky 21 April 2010

### Planning at a high level instead of High Level Planning

The launch of the Pharmaceutical Strategy was to be a momentous occasion with the unveiling of a new approach to using medication to improve health, minimize injury from drugs and to incorporate new products from research into patient care. Alberta would be in the forefront of improved health care!

The reality was the presentation of a collection of 5 programs copied from other provinces, all designed to save money for the government. The first phase was a major change to the Seniors Drug Benefit Program.

In the consultation process preceding the Pharmaceutical Strategy there was no discussion of the benefits for seniors, in fact, seniors were not one of the stakeholders in the process.

The announcement of major changes in a program that affected almost 400,000 Albertans without any consultation or explanation is unusual. To initiate such a plan calls for a high level of competence by the Department or extreme arrogance. In either case the public are asked to accept the program on faith as there is no information on which to make a judgement.

I would like to discuss some aspects of the program that may influence the faith you place in the Government of Alberta.

### Assumptions

Two key assumptions seem to underlay the program. One is that "It is generally accepted that.." those seniors with more income should pay more. The other assumption is that the baby boom generation will have much more income and be able to afford paying for benefits.

The first assumption was not accepted by the public when the program proposed had a high deductible feature that resulted in half the seniors having free drugs and the other half paying full price. The strong negative reaction to the proposal had little effect on the Government. The proposal was redrafted using a voluntary health insurance program. This was based on the model proposed in the Third Way, which was rejected by the public, but is now a NEW program..

Are we beginning to lose faith?

The second assumption is looking shaky with pronouncements of 2/3 of seniors drifting into senior status with inadequate or no pension.

The concern over the increase in seniors is a valid one but would be more convincing if there were an overall health plan to deal with the increase in seniors. This would entail more emphasis on home care, primary care centres and integration of services, such as pharmaceuticals. There is

no evidence of a coherent plan, but there is evidence that Alberta Health Services and Alberta Health and Wellness are not coordinating their plans and programs.

### Low Level Planning

The absence of any discussion of the current program and the benefits of change is unusual. People should know that the program covers almost 400,000 seniors and that the program is funded 80% by government and 20% by seniors. They should certainly be told that the increase in program costs last year was 3%. The increase in cost was NOT a factor in initiating change.

Although there is no discussion specifically of the seniors drug program and its cost in the Pharmaceutical Strategy there is a detailed description of the doom and gloom regarding the increase in total expenditures on pharmaceuticals. It is claimed, in bold print, that expenditures are increasing three times faster than hospital or physician expenditures.

The Department of Health and Wellness Annual Report for the past year gives an increase in expenditure of 8% for hospitals and 14% for physician expenditures. Total pharmaceutical expenditures increased by 4.76%!

The relationship between increase in physician and pharmaceutical expenditures is 3 X but the other way around.

Are we losing faith?

### Sustainability

The cost of new drugs said to be the cause of the expenditure increase. Recent data shows that Albertans have less access to new drugs than most provinces and much less than other countries. The seniors drug program has particularly been neglected in terms of new therapy.

The reason is sustainability of the system (there is no clarification as to what the SYSTEM is). The government claims that if new drugs were added to the benefit plans the budget would be exceeded that this is unsustainable.

BUT, half of the new drugs are Cost Effective. This means that it is cheaper to use the new drugs than to pay for other forms of care, mainly hospital.

So, to have a sustainable system we save one dollar on pharmaceuticals by spending two on hospitals.

Are we losing faith?

All seniors, rich and poor, must pay full price for new drugs not on the benefit list (the majority). Why does the government believe that seniors are better able to afford new drugs than government? Why do other countries and provinces do a better job of providing benefits.

Are we losing faith?

## Utilization

The total expenditure on pharmaceuticals is the product of price and utilization.  $P \times Q = \text{Total}$

The govt has a program to reduce drug PRICE by bulk purchasing, to reduce generic PRICE by unilateral reduction of reimbursement and reduction of the PRICE of new drugs with negotiated price listing agreements. But there is no discussion of UTILIZATION which is the main cost driver. There are major changes to the pharmaceutical system but no mention of the main cost driver!

Are we losing faith?

The health insurance model provides free drugs to half the seniors and the other half must pay premiums and a co-charge which will double their cost of medication. It can reasonably be expected that the free drug program will increase use and cost. The question is, who will pay the added cost? If utilization increases program cost \$40 million will the government claim that they have met the needs of the seniors and increase the budget? Or, will they claim that drug costs are not under control and a premium increase is required?

Are we losing faith?

Voluntary health insurance will result in many people not having coverage when expensive medication is required. To gain coverage the senior must pay premiums for 3 months before being eligible for benefits. Is this beneficial to the patient's health or to the health of the insurance program?

Are we losing faith?

There has been a lot of research in the past few years on ways to improve the use of medication to provide better health care and to reduce injury from drugs. We should be looking at more health benefits from medication rather than providing more cheap drugs to seniors. The overuse of medication is a serious problem and is not being addressed.

Are we losing faith?

Alberta Health Services define Sustainability as people looking after their health. A good drug benefit program would help them do this and keep them out of hospital. Why can't Alberta Health Services and Alberta Health and Wellness work together to have a program that is not in conflict?

Are we losing faith?

End of the Beginning or the Beginning of the End?

The Seniors Community Health Council of Edmonton has written to the Minister listing 10 areas for discussion to build a better program that will improve the health status of seniors and reduce the risk of injury. Will we begin to build a better program through consultation or will we end the discussion by implementing a program that appears to have the potential of serious unintended consequences for seniors?

We are clinging to faith that we will get a positive response from the Minister. .

Presentation21Apr10.doc